

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (1/14):**  
**BUTTER:** Grade AA closed at \$0.9650. The weekly average for Grade AA is \$0.9367 (+.0617).

**CHEESE:** Barrels closed at \$1.1025 and blocks at \$1.1250. The weekly average for barrels is \$1.1025 (-.0475) and blocks, \$1.1150 (-.0610).

**NONFAT DRY MILK:** Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

**BUTTER:** The butter market tone is mixed. Many butter producers and handlers are puzzled by the recent price firmness recorded at the CME. Most contacts indicate that churning activity is heavy, stocks of fresh butter are ample, and demand is just fair. Many feel that current firmness is not supply/demand driven and are curious as to what is the logic, if any, behind the price moves. Stocks of butter are fully sufficient for the fair buyer interest at this time. For the most part, current buying interest is centering around short term or immediate needs.

**CHEESE:** The cheese market is unsettled. Many traders are expecting prices to remain in a limited trading range, at least for the short term. Overall, offerings remains at least adequate for needs. Natural interest is generally stronger than process. Food service promotions are stimulating process sales in some markets with others steady at best. Cheese production remains seasonally heavy.

**FLUID MILK:** Milk production in most regions of the country remains strong. Many reports indicate that milk production is building seasonally. For many regions, seasonal declines were not as severe this past season as other years, thus milk output is rebounding from a higher point than usual. Favorable feed costs and moderate weather conditions for this time of the year are supplemental factors to strong milk output. Some plants continue to balance their operations from heavy surplus volumes over the past holiday, but for the most part, manufacturing plants and bottlers are back to regular schedules. Class I sales moderated this week now that typical first of the month strong retail sales have eased and the school bottling pipelines have been filled. Cream volumes are heavy across the country. Currently, most cream is entering butter operations. Ice cream and other Class II cream based product production is seasonally fair.

**DRY PRODUCTS:** For the most part, dry product markets are steady to weak with prices unchanged to lower. Nonfat dry milk prices at \$1.00 or lower are becoming more common. Many of these lower than support offerings are for larger lot volumes or from producers that do not want to get involved with government clearances. As stocks build from coast to coast, more producers in all regions are considering sales to the government. Buttermilk powder markets are weak. Lower priced Western production is putting downward pricing pressure on Midwestern and Eastern offerings. Most all regions of the

country are reporting stocks to be heavy, prices are being adjusted to keep stocks moving. Whey markets are also weak. Cheese production is seasonally heavy in most regions, thus whey output is equally strong. Many producers indicate that inventories are heavier than desired for this time of the season. Some producers are sold out for the balance of the quarter, but generally, stocks are readily available.

**CCC:** Net purchases for the week of January 10 - 14, totaled 10,881,983 pounds of nonfortified and 925,764 pounds of fortified NDM from Western and Midwestern producers.

**DECEMBER AGRICULTURAL PRICES (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 1999 was unchanged at 117. Compared with December 1998, the index up 3 points (2.6%). The index of prices received by farmers for dairy products declined 14 points during the month of December 1999 to 95. Compared with December 1998, the index was down 44 points (31.7%).

**WORLD DAIRY SITUATION (FAS):** Cow milk production in selected countries for 1999 is estimated at 384.9 million tons, up 1% from 1998. Strong production growth in the United States, India, China, Argentina, and Australia account for most of the global growth. The Ukraine, Russia, and Poland are expected to be the only major producers that show significant declines. For calendar year 2000, cow milk production is forecast to increase another 2.3 million tons at the aggregate level. On-going economic problems will cause Russia and the Ukraine to decline further. Milk cow numbers continued trending downward in most countries during 1999, falling to 128.6 million head, but rising output per-cow allowed milk production to increase. International trade flows for the major dairy products weakened again in 1999 with butter showing the largest decline. On the import side, reduced imports by Russia and United States are the major significant changes. Much of the slow growth at the aggregate level is due to another steep decline in Russian imports.

**COMMERCIAL DISAPPEARANCE (ERS & AMS):** Commercial disappearance of dairy products during the first 10 months of 1999 totals 136.6 billion pounds, 2.4% more than the comparable period in 1998. Comparing disappearance levels with a year ago: butter, American and other cheese, and fluid milk products are higher though nonfat dry milk is lower.

**MILK SUPPLY AND USE ESTIMATES (WAOB):** Large milk production and weaker-than-expected demand for skim solids results in an increase in forecast CCC removals of nonfat dry milk for 1999/2000. Expected weakness in product prices is reflected in a 25-cent reduction from last month in the forecast Basic Formula/Class III price and a 10-cent reduction in the All-Milk price.

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 10	TUESDAY JANUARY 11	WEDNESDAY JANUARY 12	THURSDAY JANUARY 13	FRIDAY JANUARY 14	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1025 (-.0175)	\$1.1025 (N.C.)	\$1.1025 (N.C.)	\$1.1025 (N.C.)	\$1.1025 (N.C.)	-.0175	\$1.1025 (-.0475)
40# BLOCKS	\$1.1000 (-.0400)	\$1.1000 (N.C.)	\$1.1175 (+.0175)	\$1.1325 (+.0150)	\$1.1250 (-.0075)	-.0150	\$1.1150 (-.0610)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	\$.8900 (+.0150)	-----	\$.9550 (+.0650)	-----	\$.9650 (+.0100)	+.0900	\$.9367 (+.0617)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM)

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, JANUARY 10, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.1025, 1 @ \$1.1200; 8 CARS 40# BLOCKS: 2 @ \$1.1000, 2 @ \$1.1400, 2 @ \$1.1450, 2 @ \$1.1500  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 5 CARS GRADE AA: 2 @ \$0.8850, 1 @ \$0.8900, 1 @ \$0.9000, 1 @ \$0.8800; BIDS UNFILLED: 7 CARS GRADE AA: 1 @ \$0.8900, 2 @ \$0.8750, 1 @ \$0.8650, 1 @ \$0.8550, 1 @ \$0.8400, 1 @ \$0.8300; OFFERS UNCOVERED: NONE

TUESDAY, JANUARY 11, 2000

CHEESE -- SALES: 6 CARS 40# BLOCKS: 2 @ \$1.0800, 1 @ \$1.0750, 1 @ \$1.0800, 1 @ \$1.0900, 1 @ \$1.1000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1000  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JANUARY 12, 2000

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.1200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1175, 1 @ \$1.1300  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 10 CARS GRADE AA: 1 @ \$0.9000, 1 @ \$0.9125, 1 @ \$0.9200, 2 @ \$0.9500, 1 @ \$0.9525, 3 @ \$0.9550, 1 @ \$0.9450; BIDS UNFILLED: 17 CARS GRADE AA: 1 @ \$0.9550, 1 @ \$0.9325, 1 @ \$0.9300, 1 @ \$0.9225, 1 @ \$0.9200, 1 @ \$0.9175, 1 @ \$0.9100, 1 @ \$0.9050, 1 @ \$0.9025, 2 @ \$0.9000, 1 @ \$0.8925, 2 @ \$0.8900, 1 @ \$0.8800, 1 @ \$0.8750, 1 @ \$0.8500; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$0.9700

THURSDAY, JANUARY 13, 2000

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.1275, 1 @ \$1.1325; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1000; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JANUARY 14, 2000

CHEESE -- SALES: 5 CARS 40# BLOCKS: 2 @ \$1.1300, 1 @ \$1.1325, 1 @ \$1.1175, 1 @ \$1.1275; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1025; 3 CARS 40# BLOCKS: 1 @ \$1.1250, 1 @ \$1.1300, 1 @ \$1.1325  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$0.9625; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$0.9650, 3 @ \$0.9600, 1 @ \$0.9550, 1 @ \$0.9525; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.0500, 1 @ \$1.1000

**CORRECTION:** Butter bid transactions for Friday January 7, 2000, should have read: 1 car each @ \$.8500, \$.8400, \$.8300, \$.8000

**BUTTER MARKETS****NORTHEAST**

The market tone is unsettled. Many contacts expected lower prices after the first of the year. Prices at the CME have been steady to higher. The January 10 price increase at the CME has most contacts confused because churning activity is heavy, stocks of fresh butter are ample, and demand is just fair. Also, frozen butter stocks are heavier than most holders would like. Print butter stocks are readily available. Retail sales of print butter are slower, a typical pattern just after the holidays. Food service orders are holding up quite well.

**CENTRAL**

The butter market tone is mixed. Butter producers and handlers question the recent cash price firmness at the CME, when inventories are increasing. Many feel that the increase is not supply/demand driven and wonder if other factors are influencing the increase. Current churning activity is very brisk. Cream volumes are reported to be readily available to butter operations. Stocks of bulk and print butter are fully sufficient for the fair buyer interest at this time. For the most part, current buying interest is centering around short term or immediate needs. Some buyers continue to work off inventories following the fourth quarter holidays, while others are balancing orders with projected needs.

**WEST**

Butter sales activity has slowed from the excellent levels recorded over the holiday season. Many buyers are assessing their stock levels before reordering. Offerings of cream to regional churns are heavy. Some cream is leaving the Western region at this time. Some manufacturers are deciding to store additional volumes of butter under current market conditions. Stocks of butter at CME approved warehouses are increasing rapidly. They bottomed out two weeks ago at 8.9 million pounds and have since climbed to 23.2 million pounds. Many contacts were surprised at the price increase at the CME on 1/10 and 1/12 after five steady sessions. They are curious as to what is the logic, if any, behind the price moves.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCK-LOAD QUANTITIES.

\*\*\*DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.\*\*\*

**NASS DAIRY PRODUCT PRICES**  
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
JANUARY 8	1.1675 4,497,319	1.1415 9,705,319	1.0112 19,574,077	.8545 5,551,456	.1887 7,066,002

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are fractionally higher on natural and process items, unchanged on Swiss. However, the market tone is weak. For the past week, (through 1/10/00) cheese prices have moved sharply lower with 40# blocks now at the support purchase price of \$1.10. Cheese production is generally heavy, but surplus milk volumes are lighter than they were over the holidays. Cheese stocks are readily available to meet current needs. Demand is steady, but some distributors and users are placing more normal orders following the holiday season. Retail sales are slow to fair and food service orders are good.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1900-1.6800
Cheddar Single Daisies	:	1.1700-1.6300
Cheddar 40# Block	:	1.3150-1.4925
Process 5# Loaf	:	1.3700-1.5225
Process 5# Sliced	:	1.3900-1.6275
Muenster	:	1.3725-1.6750
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST

The cheese market is unsettled to weak. On January 10, the CME cash block price declined to the CCC block purchase price of \$1.10. At least in the short term, many traders are not expecting market prices to strengthen significantly without some kind of major production setback occurring. Overall, current interest appears steady at best. Colby and jack interest are occasionally stronger than cheddar blocks for some producers. Some plant operators are seeing a pickup in mozzarella interest. Discounting is occurring in some channels to stimulate extra sales and help generate cash flow. A few sellers are noticing a slowdown in payments. Cheese offerings remains seasonally heavy, reflecting milk intakes. Surplus milk is still available at "reasonable premiums" in some areas.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3300-1.6100
Brick And/Or Muenster 5#	:	1.5000-1.7350
Cheddar 40# Block	:	1.5200-2.1150
Monterey Jack 10#	:	1.6800-2.1150
Blue 5#	:	1.8700-2.1500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5700-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.6850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JANUARY 10 - 14, 2000
BARRELS*	:	\$1.1025 - 1.1600 (NOMINAL)
	:	(-\$0.0550) (-.0250)
40# BLOCKS	:	\$1.0800 - 1.2050 (NOMINAL)
	:	(-\$0.0875) (.0050)

( ) Change from previous week. \* If steel, barrel returned.

## WEST

Prices are mixed in this week's report, but they are expected to decline following a downward trend in CME cash prices since last week. Production levels remain very heavy even after slight declines from peak/capacity, holiday levels. Sellers are pessimistic about any quick recovery in the near future with cheese production this heavy. Demand is quite good with buyers refilling pipelines and looking very favorably at "stocking up" at these current price levels. Some buyers are asking for additional discounts, and often getting them. Winter season pizza and cheese burger promotions are helping sales activity. Mozzarella stocks are very tight. Swiss sales over the holiday season were rated as very good with stocks declining.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3050-1.5650
Cheddar 40# Block	:	1.2950-1.4350
Cheddar 10# Cuts	:	1.4750-1.6950
Monterey Jack 10#	:	1.4850-1.6450
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4200

## FOREIGN

Domestic style prices are fractionally higher. The market tone is generally unchanged. Cheese stocks range from light to adequate and demand is slow to fair. Recently, the EU Commission cut export refunds, but at a lesser rate than initially proposed. Due to the weak Euro and good dairy exports, the initially proposed 10% refund for cheese to the U.S., met with quite a bit of opposition and the final rate for the cheese export refund rate cut was set at about 6%.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

NEW YORK		
VARIETY	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.5200-3.0150*
Gorgonzola	3.2400-5.9400	2.0750-2.4900*
Parmesan (Italy)	TFEWR	2.9350-3.4400*
Romano (Italy)	2.1000-2.5400	-0-
Provolone (Italy)	3.4400-5.5000	1.5350-1.8150*
Romano (Cows Milk)	-0-	2.6975-4.8850*
Sardo Romano (Argentina)	2.6500-3.2900	-0-
Reggianito (Argentina)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.3100	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

\* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

\*\*Correction for 1/03 cheese total\*\*

BUTTER : CHEESE		CHEESE	
01/10/00	7,791 : 113,683	01/03/00** :	111,383
01/01/00	6,419 : 111,383*	01/12/99** :	110,847
CHANGE	1,372 : 2,300	CHANGE :	536
% CHANGE	21 : 2	% CHANGE:	N.C.

\*\*The January 1 Cheese estimate is:

Cheese 457\*\* million pounds plus or minus 2.00 percent

## FLUID MILK AND CREAM

## E A S T

Milk production is increasing in most areas of the East. Contacts report steady to slower gains in Florida and the Deep South, larger increases in the Middle Atlantic area, and normal seasonal gains in the more northern sectors. Overall, fluid milk volumes are heavy, but not as burdensome as they have been. Florida handlers report a balanced milk supply situation. Over the weekend, 6 loads were shipped out of state, but early in the week an improved bottled milk demand caused them to bring in 10 - 13 loads from regular sources. The winter tourist season is in full swing and milk consumption in Florida is very good. With bottlers back on more normal schedules, surplus milk volumes have eased. Bottled milk sales are steady to slower following last week's good levels. Manufacturing plant contacts report heavy volumes and many are running near capacity. Many of the Southern plants that operated during the holidays are now down except for processing some weekend milk. Only a couple plants are operating with any regularity. The condensed skim market is little changed. Demand is just fair and mostly to regular accounts. Prices are unchanged. The fluid cream market is mixed, mostly weaker. However, early this week the CME butter price increased which may affect next week's cream pricing. Some butter and cream contacts are surprised by the increased butter prices at a time when churning is so heavy and butter stocks are growing. This week, cream prices are mixed. There were both increases and decreases noted. Ice cream production is steady to lighter as a few plants eased back on output from last week's very heavy production. Bottled cream production is slower and following seasonal patterns. Churning activity is heavy and quite a bit of cream is moving to Midwest churning facilities.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.0675-1.1813
DELIVERED EQUIVALENT ATLANTA	-	1.0675-1.1550 M 1.0850-1.1375
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.1025-1.1638

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9900-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .9000-.9500

## M I D W E S T

## WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JANUARY 7 - 13, 2000	14
PREVIOUS WEEK	14
COMPARABLE WEEK IN 1999	23

## DESTINATIONS: MISSOURI 14

Class I interest is seasonally good, aided by lower retail prices, with or without retail features activity, in many outlets. Some Class II accounts are still adapting to the new Federal Order rules that price the fat portion after the fact (following month release) rather than prior to the month used. There were no loads of Wisconsin milk reported as shipped and pooled under a Southern federal order. Manufacturing milk interest is about steady with sales of surplus milk reported at \$.25 to a few at \$1.50 over class, with most loads moved at less than a \$1.00 premium. Cream interest is steady at lighter winter levels for ice cream accounts. Churning remains seasonally active to clear the extra offerings. Some weekend surplus milk continues to move into upper Midwest manufacturing plants from further South in the region. Milk intakes are

generally about steady to just slightly higher in the region and ahead of year ago levels. Expecting milk supplies to remain heavy and plant capacity limited until next summer/fall, some milk sellers are trying to make extra commitments with manufacturers into spring. Fat and protein test are steady to down slightly from the November peaks. The switch to true protein under the Federal Orders from crude protein is making some comparisons more difficult. Above normal temperatures make outside jobs often more comfortable. Snow coverage remains spotty with more northern locations the recipients of larger amounts. Replacement dairy springer heifer prices are generally lower at sale barns.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JANUARY 6 - 10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 39.00	\$ 33.50- 39.00
REPLACEMENT HEIFER CALVES	\$260.00-345.00	\$160.00-230.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JANUARY 6 - 10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 41.00	\$ 26.00- 40.00

## W E S T

Milk production trends continue across most of the major producing areas of the Southwest. Weather conditions remain ideal in California, although drier conditions are creating some concerns about water problems later on. Additional production increases are noted in California. More plants are being stressed to capacity to handle the volume. Some plant problems have developed and condensed skim and milk are being shipped around to find processing capacity. New plant capacity is welcomed, but is not currently at the level needed to make a difference. Cow numbers are holding steady to higher. Information indicates only limited increases in recent culling. Arizona continues to have plenty of milk for processing. Milk continues to be brought in from other states to supply Class I markets with the hope that an ongoing dispute will be resolved shortly. Production remains strong in New Mexico. Increased milk per cow numbers are being reported. Weather and cheap feed are supplemental factors. More cows are being added in the state and pricing for both heifers and cows remain strong. The drop in milk prices has not affected milk output to this point. There continues to be surplus cream available in the region. Shipments to the Midwest and East remain in effect to help balance supplies. Local churning continues to be active. In general, pricing multiples are steady. Butter price increases at the CME are puzzling observers. Winter weather conditions are prevalent in the Pacific Northwest. Snow amounts in the Cascades are at normal to above normal levels and growing on a weekly basis. Snow was common this week down on the valley floors with all passes experiencing some snow related problems. Milk output does remain very strong. Good hay and cheap feed are making up for any weather problems. Some dairy producers in the region are deciding to sell out with the prospect of continued low milk prices. General culling rates remain light with prices depressed. Prices at a large regional heifer auction were from \$75-100 lower than last month. This is the first real price decline noted in this cycle. Manufacturing plants are now operating on slightly reduced schedules. Snow is common this week in northern Utah and southern Idaho. Accumulations trail normal levels by substantial amounts. Contacts are wondering about summer water availability. Dairy quality hay is in tighter supply and feeder hay is disappearing at a faster rate. Manufacturing plant milk intakes have declined somewhat over the past week, but they are still heavier than anticipated.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 01/13/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are lower on a weak market. Block loads are reportedly available below the range. Buyer interest is light and on an as need basis. Most dryers are operating at full capacity and generating plenty of product for government purchase. Production is steady to instances lower as heavy milk supplies from the holidays have cleared. Stocks are in balance to heavy. Product is moving best on regular commitments with some resellers picking up a few extra loads. Offers remain plentiful from Midwestern and Western producers. High heat product is available for the light to fair demand. Mostly prices reported for the second week in 1999 were 1.09 - 1.0950.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0000 - 1.0200 MOSTLY: 1.0100 - 1.0200

**DRY BUTTERMILK - CENTRAL**

Prices are lower on a weak market. While some producers continue to hold prices substantially above the West coast market, others are opting to compete for market share by reducing prices. Producer stocks are in balance to heavy. Demand is slow to somewhat improved as a result of the lower prices. Condensed movement is steady. Available dryer time for buttermilk is limited due to heavy NDM production. Eastern traders continue to find it advantageous to ship product from the West rather than the Midwest. Offers are plentiful and increasing. Prices reported for the second week in 1999 were .8200 - .8525.

BUTTERMILK: .6200 - .7800

**DRY WHEY - CENTRAL**

Prices are unchanged to lower on a steady to weak market. Inventories are heavier than anticipated at some producer plants. Discounting has alleviated some of the excess supplies yet product remains available. A few plants are reportedly sold out for the first quarter at steady prices. Buyers are generally taking product on an as need basis. Movement is best on regular commitments into export and domestic markets. Spot demand is generally into the feed sector. Production is unchanged and offers are heavy from resellers and some producers. Mostly prices for the second week in 1999 were .1900 - .2150.

NONHYGROSCOPIC: .1700 - .1900 MOSTLY: .1750 - .1850

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to higher on a mostly steady market. Supplies of milk replacer product are in better balance allowing some producers to increase prices. Standard demand is light at prices just below the milk replacer range. Roller ground buyers see the market softening while producers report a steady market. Delactose movement is good with some manufacturers in tight supply. Prices for the second week in 1999 were .1500 - .1900 on milk replacer, .2500 - .2600 on roller ground, and .3275 - .3475 on delactose. Barrow, gilt, and early weaned pig demand is moderate to good while the North Central veal market is generally weak.

MILK REPLACER: .1500 - .1825  
STANDARD: TFEWR  
ROLLER GROUND: .1675 - .1900  
DELACTOSE (Min. 20% protein): .2600 - .3150

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged to lower on a steady to firm market. Reaction to last week's price increase is mixed. Some producers are satisfied with the change and foresee continued price increases. Others are a little surprised by the upward movement and are finding some resistance to the current market. Inquiries from China persist with some producers unable to fulfill any additional requests. Dutch stocks are reportedly heavy and competitive on export markets, especially into Taiwan. Domestic demand is steady and best on regular commitments into infant formulas and candies. Inventories are mostly in balance to instances tight on steady production schedules. Feed buyers continue to search for discounts on lower mesh size edible product. Off grade production is light for the good demand. Mostly prices for the second week in 1999 were .1600 - .1750.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2500 MOSTLY: .1950 - .2050

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged on a mixed market. Some producers are indicating that the market is firming while buyers report unconfirmed trades below the range. West coast producers still have inventories to move, yet supplies appear to be less burdensome. Central stocks are adequate to tight with some producers unable to meet an increasing demand from Midwestern and Eastern veal facilities. Because of less contracting in 2000, spot activity is increasing. Some buyers are also testing the market for the second quarter. With anticipated increases in the milk supply during the second quarter, buyers are reluctant to discuss higher prices. Export movement is generally good. Inquiries on high protein product are increasing. Production is mostly steady and offers are in balance with current demand. Condensed supplies are down as plants re-open after the holidays. Mostly prices during the second week in 1999 were .5100 - .5400.

EXTRA GRADE 34% PROTEIN: .4050 - .4700 MOSTLY: .4250 - .4450

**NONFAT DRY MILK - WEST**

Nonfat dry milk prices are unchanged and the market tone remains weak. Some talk of lower priced product in the region and actual lower priced sales in other regions are influencing marketing opportunities for Western NDM. Contacts are noting that even competition for smaller LTL accounts has increased. Additional production is developing as milk production remains strong and less condensed skim is used in cheese production. The volume of milk in the region is expected to continue to be heavy in the future. Demand is light for both low and high heat NDM. New orders for medium heat for DEIP shipments have been placed. Stocks are building at most plant locations. During the week of January 3 - 7, CCC net purchases totaled 9.2 million pounds of nonfortified NDM from Western and Midwestern sources.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9900 - 1.0200 MOSTLY: 1.0000 - 1.0100

HIGH HEAT: 1.0200 - 1.0400

**DRY BUTTERMILK - WEST**

Dry buttermilk prices continue to decline, reflecting a weak market tone. Producers are most often lowering asking prices to clear inventories. Production levels are moderate to strong, although affected by drying times available. Churning schedules remain active. Stocks range moderate to heavy.

BUTTERMILK: .6300 - .7200 MOSTLY: .6400 - .6700

**DRY WHEY - WEST**

Prices are mixed for Western whey powder, but generally lower with a weaker undertone. Some contacts note that sales are better now that the holidays are past and transportation problems have eased. Others see that their buyers had stocked up to some extent before the end of the year and they are now using up those inventories. Export interest to some areas of the Far East has slowed because of the upcoming Chinese New Year and the need to take into account long freight lead times. Production of powder was heavier than anticipated over the year end holidays. Stocks at the producer level are often larger than desired and there is some price discounting going on.

NONHYGROSCOPIC: .1750 - .2150 MOSTLY: .1900 - .1975

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
January 7	\$1.0084	13,712,382
December 31	\$1.0090	10,758,578

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged to lower and the market tone is weak. More reports of NDM being priced below \$1.00 have been noted. Some of the reports are for large volume deals and/or from plants that are unable, at this time, to offer to CCC. Demand for NDM is just fair as buyers see little reason to buy too far ahead. They see little or no risk of tighter supply and higher prices in the next 4 - 6 months. DEIP sales continue to clear a good percentage of current output. There are rumors that one or more Eastern producers will soon be offering to CCC on a regular basis rather than build too much inventory. Production levels are often heavy as surplus milk supplies remain heavy in the Northeast. Producer stocks are accumulating at many plants while other operations with DEIP contracts to fill are in a little better supply/demand situation.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: .9900 - 1.0500 MOSTLY: 1.0000 - 1.0200  
HIGH HEAT: 1.0400 - 1.1000 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1200

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are generally lower and the market tone is weak. Some very attractive prices have been reported in the Midwest and West during the past few weeks. These lower prices are clearing increasing volumes of dry buttermilk. Often, these attractive prices allow product to be delivered below current, Eastern f.o.b. prices. Demand is fairly good. Some contacts speculate that if prices remain this low, users who took dry buttermilk out of their formulas when prices got too high could start using it again. Production levels are moderate to heavy. Churning activity is heavy, but many producers are at capacity drying skim and having to move condensed buttermilk to end users as well as other dryers.

F.O.B. NORTHEAST: .7600 - .7900  
DELVD SOUTHEAST: .7400 - .7900

**DRY WHOLE MILK - NATIONAL**

Prices are steady to lower and the market tone is unchanged. Production levels are lighter as producers are making more NDM as a way to process the milk more quickly. Dry whole milk stocks are well balanced. Spot demand is slow to fair. Contract deliveries are clearing most of the current output.

F.O.B. PRODUCING PLANT: 1.0700 - 1.2000

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1999 THROUGH JANUARY 7, 2000  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	77,305 MT (170,426,603 LBS)
CHANGE	--	3,440 MT (7,583,824 LBS)
WHOLE MILK POWDER	--	4,463 MT (9,839,130 LBS)
CHEESE	--	1,249 MT (2,753,545 LBS)
BUTTERFAT	--	2,936 MT (6,472,706 LBS)

Allocations for the DEIP year beginning July 1, 1999, are:

Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT;

Cheese - 3,190 MT; Butterfat - 25,475 MT.

These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady to lower and the market tone is weaker. Production levels are heavy in the Northeast as milk supplies are heavy enough to keep most cheese plants at or near capacity. Dry whey stocks are balanced to long. Some plants are sold out for several weeks, but others do have product available for immediate sale. Domestic, spot demand is slow and some contacts note that lower prices may or may not stimulate interest. Buyers who bought extra product before the end of the year are now working off those stocks before getting back into the market. New export interest is slow to develop.

F.O.B. NORTHEAST:	EXTRA GRADE	.1775 - .1875
	USPH GRADE A	.1925 - .2000
DELVD SOUTHEAST:		.1950 - .2225

**ANIMAL FEED WHEY - NORTHEAST**

Prices remain too few to report and the market tone is weak. Spot buying interest is slow to fair as most users have enough powder under contract or they purchased extra prior to the end of the year. Stocks of animal feed quality, dry whey are heavy.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are moderate to heavy. Surplus milk supplies are readily available in most areas of the country and evaporators are replenishing stocks. Demand is slow to fair.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	\$24.68 - 33.00
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Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Casein markets are firm with prices unchanged to higher. First quarter contracts, for the most part, have been finalized with prices higher than last quarter. Stocks are reported to not be as available as previously anticipated, although sufficient for first quarter needs. Domestic buyers anticipate prices to remain on the firm side until supplies become more available. During October, casein imports in to the U.S. totaled 7,235,640 kg. This monthly import brings the total for the first 10 months of the year to 61.7 million kg, 8% less than the comparable period in 1998.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.8000 - 1.9500
ACID:	1.8500 - 2.0500

**DEIP Data for July 1 - December 30, 1999 in Metric Tons (MT)**

	NDM	Whole Milk	Cheese	Butterfat
Announced				
Total	88,807*	9,677#	4,327#	25,475
Awarded				
Total	73,865*	4,463	1,227	2,936
Percent				
Remaining	16.8%	53.9%	71.6%	88.5%

\* The pre-allocated total for July 1 - December 30, 1999 was 12,600 MT. This amount is included in the announced total. Of this amount, 12,593 MT was awarded.

# Whole milk powder pre-allocated was 7,500 MT. This amount is included in the announced total. Cheese pre-allocated was 1,270 MT. This amount is included in the announced total.

## DECEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 1999 was unchanged at 117. Compared with December 1998, the index up 3 points (2.6 percent). The index of prices received by farmers for dairy products declined 14 points during the month of December 1999 to 95. Compared with December 1998, the index was down 44 points (31.7 percent).

On a 3.5 percent butterfat basis, prices received by farmers in December with changes from November were: for All Milk, \$12.15 per hundredweight (cwt.), down \$1.85; Fluid Grade Milk, \$12.15 per cwt., down \$1.96; and for Manufacturing Grade Milk, \$10.34 per cwt., down \$.20.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., DECEMBER 1999 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	NOVEMBER		DECEMBER		DECEMBER		DECEMBER		DECEMBER	
	1999 <u>2/</u>	1998 <u>2/</u>	1999 <u>4/</u>	1998 <u>2/</u>	1999	1998	1999 <u>7/</u>	1998 <u>8/</u>	1999	1998
CA	12.71	16.88	11.22	16.79	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		34.00	30.30	81.00	94.00
ID	11.13	17.29	10.57	17.46			36.00	29.60	82.00	78.00
MI	15.68	17.01	12.25	17.28			35.20	31.00	81.00	86.00
MN	11.87	18.05	11.53	18.46			35.50	32.40	61.00	66.00
NY	14.92	17.17	12.39	17.87			---	---	115.00	102.00
OH	15.91	16.96	12.57	17.31			34.00	31.90	123.00	99.00
PA	16.38	17.45	11.74	17.93			36.30	32.20	136.00	116.00
TX	15.58	17.53	13.82	17.92			31.90	29.10	67.00	81.00
WA	14.04	16.84	11.36	16.94			---	---	103.00	94.00
WI	12.15	17.78	12.10	18.18			36.20	31.80	51.00	82.00
U.S.	14.00	17.30	12.15	17.62			34.70	30.80	71.10	78.40

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

## MILK AND OTHER GENERAL PRICE MEASURES, U.S., DECEMBER 1999 WITH COMPARISONS

ITEM	DECEMBER 1998	NOVEMBER 1999 <u>1/</u>	DECEMBER 1999 <u>2/</u>
<b>PRICES RECEIVED BY FARMERS</b> , dol. per cwt., 3.5 percent butterfat:			
All milk	17.62	14.00	12.15
Fluid grade milk	17.73	14.11	12.15
Manufacturing grade milk	16.83	10.54	10.34
<b>INDEX NUMBERS</b> (1990-92=100):			
Prices received by farmers for all farm products	98	93	91
Prices received by farmers for dairy products	139	109	95
Prices paid by farmers for commodities and services, interest taxes, and wage rates	114	117	117
Prices paid by farmers for production items	110	113	114
Prices paid by farmers for feed	103	99	99
<b>MILK FEED PRICE RATIO:</b>			
Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	4.32	3.84	3.42

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

**SOURCE:** "Agricultural Prices," Pr 1 (12/99), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**WORLD DAIRY SITUATION AND OUTLOOK\***

**Dairy Production in Selected Countries:** Cow milk production in selected countries for 1999 is estimated at 384.9 million tons, up 1 percent from 1998. Strong production growth in the United States, India, China, Argentina, and Australia account for most of the global growth. The Ukraine, Russia, and Poland are expected to be the only major producers that show significant declines. For calendar year (CY) 2000, cow milk production is forecast to increase another 2.3 million tons at the aggregate level. On-going economic problems will cause Russia and the Ukraine to decline further. Milk cow numbers continued trending downward in most countries during 1999, falling to 128.6 million head, but rising output per-cow allowed milk production to increase. A further small decline in cow numbers is forecast for CY 2000, however higher per cow yields due to continuing genetic improvement and better management are expected to facilitate another increase in total milk production. For the major dairy products, only whole milk powder (WMP) production, at 2.8 million tons, is expected to show no growth in 1999. Output of cheese, butter, and nonfat dry milk (NDM), estimated at 12.5, 5.4, and 3.2 million tons respectively, each showed some growth in 1999. For 2000, butter and WMP production are forecast to gain another 3 to 4 percent, while cheese grows at a slower rate and NDM remains near the 1999 level.

**Dairy Trade by Selected Countries:** International trade flows for the major dairy products weakened again in 1999 with butter showing the largest decline. Global butter exports in 1999 are now estimated at 691,000 tons, 5 percent below 1998 due to significantly lower shipments from Oceania. On the import side, reduced imports by Russia and United States are the major significant changes. For CY 2000, global butter exports are forecasts to return to, or slightly exceed, the 1998 level. Total cheese exports in 1999 are estimated at 996,000 tons, up 2 percent from 1998. Much of the slow growth at the aggregate level is due to another steep decline in Russian imports. Exports are forecast to grow 3 percent in CY 2000. Preliminary 1999 export data for NDM indicate a strong recovery from last years' decline. With increased activity under the Dairy Export Incentive Program (DEIP), the United States is up along with strong increases from Australia and New Zealand. In CY 2000, slower DEIP activity in the United States and a push to use milk for more profitable products may pull aggregate exports below the 1999 level.

**World Dairy Prices:** The performance of world dairy markets during the past six months has been mixed ranging from the mildly declining price trend of butterfat to some unexpected strength in milk powder. This is particularly true of NDM. In the July circular it was noted that an increase in NDM prices was anticipated but the article questioned whether the increase could be sustained in view of the oncoming tide of product from New Zealand and Australia. In addition, the ample stocks available in the European Union and the United States and the long-term outlook pointed to a limit in any upward strength. Since then prices for NDM have climbed an impressive 20 percent within a period of five months - an unprecedented rise during a time-frame when there have been no weather induced interruptions in production. The obvious conclusion is that demand, particularly in Asia, has picked up significantly - certainly to a level to absorb the additional supplies available on world markets. Other dairy products have not fared as well but the tone of the market is more positive than forecast in July. WMP prices remain stable and some recent slight firming suggests that for the time being major suppliers are finding strong demand. Butterfat prices have languished but recently appear to be stabilizing. However, without any substantial demand materializing from Russia, it is difficult to envisage a scenario where butterfat prices recover significantly. Cheese prices have also declined slightly but appear to have reached a certain equilibrium. Thus, after several years of languishing, prices for most dairy products appear to have reached a low point and are starting to recover. In the case of butterfat and cheese, markets appear to have reached a certain equilibrium sufficient to arrest any further declines. In contrast, the outlook for prices of milk powder notably NDM remains positive. While this view is to a certain extent influenced by the Uruguay Round restrictions on export subsidies which are starting to materially affect the available supplies to the market, the demand side of the equation remains encouraging. In this respect, the recovery in the economies of Asia has been critical, spurring demand sufficiently to absorb supplies and help correct previous market imbalances.

\* This summary was derived from the "Dairy: World Markets and Trade", FD 2-99, December 1999, Foreign Agricultural Service, USDA. For more information contact Authur Coffing at (202) 720-3761.



**D E C E M B E R 1999 DEIP BID ACCEPTANCES**

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
<b>NONFAT DRY MILK</b>				
JULY - NOVEMBER 1999		65,790		
12/01	ASIA & FSU	400	DEC-JUN	\$840
12/06	CARIBBEAN, CENT & S. AM	35	DEC-JAN	\$825
12/07	CARIBBEAN, CENT & S. AM	484	DEC-MAR	\$820.67
12/08	CARIBBEAN, CENT & S. AM	18	DEC-JAN	\$825
12/09	CARIBBEAN, CENT & S. AM	153	DEC-MAR	\$819.26
12/10	CARIBBEAN, CENT & S. AM	158	DEC-MAY	\$825
12/10	AFRICA & MIDDLE EAST	267	DEC-MAR	\$840
12/13	AFRICA & MIDDLE EAST	15	DEC-FEB	\$840
12/13	CARIBBEAN, CENT & S. AM	1,100	JAN-MAY	\$800
12/14	CARIBBEAN, CENT & S. AM	35	JAN-MAR	\$825
12/15	CARIBBEAN, CENT & S. AM	38	DEC-MAR	\$811.67
12/15	AFRICA & MIDDLE EAST	17	DEC-FEB	\$840
12/16	CARIBBEAN, CENT & S. AM	1,000	FEB-SEP	\$800
12/17	CARIBBEAN, CENT & S. AM	610	JAN-JUN	\$750
12/20	CARIBBEAN, CENT & S. AM	18	DEC-FEB	\$775
12/21	CARIBBEAN, CENT & S. AM	1,220	DEC-SEP	\$774.59
12/22	CARIBBEAN, CENT & S. AM	74	DEC-MAR	\$761.49
12/23	AFRICA & MIDDLE EAST	50	JAN	\$795
12/23	CARIBBEAN, CENT & S. AM	1,065	DEC-JUN	\$772.32
12/27	CARIBBEAN, CENT & S. AM	923	JAN-MAY	\$740
12/28	CARIBBEAN, CENT & S. AM	127	JAN-MAY	\$700
12/29	ASIA & FSU	100	JAN-JUN	\$725
12/29	CARIBBEAN, CENT & S. AM	18	DEC-FEB	\$725
12/30	ASIA & FSU	20	JAN-FEB	\$725
12/30	CARIBBEAN, CENT & S. AM	130	JAN-MAY	\$725
DECEMBER 1 - 31, 1999		<u>8,075</u>		
<b>WHOLE MILK POWDER</b>				
JULY - NOVEMBER 1999		3,181		
12/01	CARIBBEAN, CENT & S. AM	1,000	DEC-FEB	\$1,300
12/06	CARIBBEAN, CENT & S. AM	77	DEC-MAR	\$1,325
12/13	CARIBBEAN, CENT & S. AM	155	DEC-MAR	\$1,300
12/16	CARIBBEAN, CENT & S. AM	42	DEC-FEB	\$1,220
12/20	CARIBBEAN, CENT & S. AM	8	DEC-FEB	\$1,220
DECEMBER 1 - 31, 1999		<u>1,282</u>		
<b>CHEESE</b>				
JULY - NOVEMBER 1999		1,093		
12/01-P	CARIBBEAN, CENT & S. AM	57	DEC-JAN	\$690
12/20-P	CARIBBEAN, CENT & S. AM	19	DEC-JAN	\$790
12/27-M	AFRICA & MIDDLE EAST	80	JAN-JUL	\$750
DECEMBER 1 - 31, 1999		<u>156</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V - VARIETAL				
<b>BUTTERFAT</b>				
JULY - NOVEMBER 1999		2,006		
12/08-B	AFRICA & MIDDLE EAST	80	JAN-APR	\$950
12/09-B	AFRICA & MIDDLE EAST	226	JAN-JUN	\$975
12/17-B	AFRICA & MIDDLE EAST	19	DEC-MAR	\$975
12/23-B	AFRICA & MIDDLE EAST	500	FEB-APR	\$999
12/27-A	CARIBBEAN, CENT & S. AM	105	JAN-JUN	\$1,400
DECEMBER 1 - 31, 1999		<u>930</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
				<b>PROGRAM TO DATE</b>
TOTAL MT				82,513
TOTAL BONUS VALUE				\$82,595,000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

\*\* On May 13, 1999, Sec. Glickman reallocated an additional 20,000 MT of NDM, 7,500 MT of Whole Milk Powder & 1,270 MT of Cheese for the current program year.

## MILK SUPPLY AND DEMAND ESTIMATES\*

Large milk production and weaker-than-expected demand for skim solids results in an increase in forecast CCC removals of nonfat dry milk for 1999/2000. Expected weakness in product prices is reflected in a 25-cent reduction from last month in the forecast Basic Formula/Class III price and a 10-cent reduction in the All-Milk price.

## U.S. MILK SUPPLY, USE AND PRICES

Item	1997/98 1/	1998/99 Projection 1/		1999/00 Projection 1/	
		December	January	December	January
<b>SUPPLY</b>		<b>BILLION POUNDS</b>			
BEGINNING COMMERCIAL STOCKS 2/ 23/	5.9	5.8	5.8	7.5	7.5
PRODUCTION	156.5	161.2	161.2	164.4	164.9
FARM USE	1.4	1.3	1.3	1.3	1.3
MARKETINGS	155.2	159.9	159.9	163.1	163.6
IMPORTS 2/	4.0	4.8	4.8	3.7	4.2
TOTAL COMMERCIAL SUPPLY 2/	165.1	170.5	170.5	174.3	175.2
<b>USE</b>					
COMMERCIAL USE 2/ 3/	158.6	162.8	162.8	167.1	167.8
ENDING COMMERCIAL STOCKS 2/	5.8	7.5	7.5	6.6	6.8
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.7	0.3	0.3	0.5	0.6
SKIM SOLIDS BASIS 4/	4.5	5.4	5.4	4.2	6.5
		<b>DOLLARS PER CWT.</b>			
MILK PRICES 5/					
BASIC FORMULA/CLASS III PRICE 6/	13.28	14.04	14.04	10.40-11.00	10.20-10.70
ALL MILK 7/	14.60	15.37	15.37	12.25-12.85	12.20-12.70
		<b>MILLION POUNDS</b>			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	21	1	1	15	15
CHEESE	8	6	6	6	6
NONFAT DRY MILK	368	449	449	350	545
	QUARTERLY 8/			ANNUAL 8/	
	2000 I	2001 II	2000 III	1999	2000
	<b>BILLION POUNDS</b>				
	41.7	42.6	40.4	162.5	165.0
	<b>DOLLARS PER CWT.</b>				
	11.45-11.85	11.25-11.95	12.15-13.15	14.39	12.15-12.95
	9.85-10.25	9.90-10.60	10.75-11.75	12.43	10.65-11.45

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Class III price beginning January 1, 2000. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Gerald Bange, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-358, World Agricultural Outlook Board, USDA, January 12, 2000.

## FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

**BASIC FORMULA PRICE.** The Basic Formula Price for December 1999 is \$9.63 per hundredweight at 3.5 percent butterfat. The December Basic Formula Price is the November base month Minnesota-Wisconsin (M-W) price of \$10.48 at 3.5 percent minus a change of \$0.85, which is the change in the butter/powder/cheese formula from November to December 1999. The December 1999 Basic Formula Price is \$0.16 less than last month and \$7.71 less than the December 1998 Basic Formula Price. This Basic Formula Price is the Class III price for December 1999. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 8.6 cents. **The December 1999 Basic Formula Price is the last one that will be computed.** The new Federal milk order reform pricing system, which begins with January 2000 prices, does not use the Basic Formula Price. (See [http://www.ams.usda.gov/dairy/fmor\\_announce.htm](http://www.ams.usda.gov/dairy/fmor_announce.htm) for information on the new pricing system.) Class I milk prices and Class II skim milk and nonfat solids prices for January 2000 were announced on December 23, 1999. (See Volume 66, Report 52.) Class I milk pricing and Class II skim milk and nonfat solids prices for February 2000 will be announced on January 21. **MILK COMPONENT CONTENTS.** For the November 1999 base month M-W price, the butterfat content was 3.96 percent, protein 3.33 percent, and solids-not-fat 8.67 percent. For the December 1999 Basic Formula Price, the butterfat content was 3.93 percent, protein 3.29 percent, and solids-not-fat 8.64 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/									
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	DECEMBER							
		PRICE PER 100 POUNDS							
		CLASS I		CLASS II		CLASS III		CLASS III-A	
		1999	1998	1999	1998	1999	1998	1999	1998
		DOLLARS							
New England (Boston)	1 <u>3</u> /	14.73	19.28	11.79	16.34	9.69	17.40	10.75	13.54
New York/New Jersey (NY City)	2 <u>4</u> /	14.63	19.18	11.87	16.42	9.77	17.48	10.83	13.62
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 <u>5</u> /	14.52	19.07	11.79	16.34	9.71	17.42	10.77	13.56
Carolina (Charlotte)	5	14.57	19.12	11.79	16.34	9.63	17.34	10.69	13.48
Southeast (Atlanta/Birmingham)	7	14.57	19.12	11.79	16.34	9.63	17.34	10.69	13.48
Upper Florida (Jacksonville/Tallahassee)	6	15.07	19.62	11.79	16.34	9.63	17.34	---	---
Tampa Bay	12	15.37	19.92	11.79	16.34	9.63	17.34	---	---
Southeastern Florida (Miami)	13	15.67	20.22	11.79	16.34	9.63	17.34	---	---
Michigan Upper Peninsula (Marquette)	44	12.84	17.39	11.79	16.34	9.63	17.34	10.69	13.48
Southern Michigan (Detroit)	40 <u>6</u> /	13.24	17.79	11.79	16.34	9.63	17.34	10.69	13.48
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	13.49	18.04	11.79	16.34	9.63	17.34	10.69	13.48
Ohio Valley (Columbus)	33	13.53	18.08	11.79	16.34	9.63	17.34	10.69	13.48

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/									
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	DECEMBER							
		PRICE PER 100 POUNDS							
		CLASS I		CLASS II		CLASS III		CLASS III-A	
		1999	1998	1999	1998	1999	1998	1999	1998
		DOLLARS							
Indiana (Indianapolis)	49	13.39	17.94	11.79	16.34	9.63	17.34	10.69	13.48
Chicago Regional	30	12.89	17.44	11.79	16.34	9.63	17.34	10.69	13.48
Central Illinois (Peoria)	50	13.10	17.65	11.79	16.34	9.63	17.34	---	---
S. Illinois/E. Missouri (Alton)	32	13.41	17.96	11.79	16.34	9.63	17.34	---	---
Louisville/Lexington/Evansville	46	13.60	18.15	11.79	16.34	9.63	17.34	10.69	13.48
Upper Midwest (Minneapolis)	68	12.69	17.24	11.79	16.34	9.63	17.34	10.69	13.48
E. South Dakota (Sioux Falls)	76	12.99	17.54	11.79	16.34	9.63	17.34	---	---
Iowa (Des Moines)	79	13.04	17.59	11.79	16.34	9.63	17.34	10.69	13.48
Nebraska/W. IA. (Omaha/Sioux City)	65	13.24	17.79	11.79	16.34	9.63	17.34	10.69	13.48
Greater Kansas City	64	13.41	17.96	11.79	16.34	9.63	17.34	---	---
Southwest Plains (Oklahoma City)	106	14.26	18.81	11.79	16.34	9.63	17.34	10.69	13.48
Texas (Dallas)	126	14.65	19.20	11.79	16.34	9.63	17.34	10.69	13.48
Eastern Colorado (Denver)	137	14.22	18.77	11.79	16.34	9.63	17.34	---	---
Western Colorado (Grand Junction)	134	13.49	18.04	11.79	16.34	9.63	17.34	---	---
SW Idaho/Eastern Oregon (Boise)	135	12.99	17.54	11.79	16.34	9.63	17.34	10.66	13.14
Great Basin (Salt Lake City)	139	13.39	17.94	11.79	16.34	9.63	17.34	---	---
Central Arizona (Phoenix)	131	14.01	18.56	11.79	16.34	9.63	17.34	10.66	13.14
New Mexico/West Texas (Albuquerque)	138	13.84	18.39	11.79	16.34	9.63	17.34	10.69	13.48
Pacific Northwest (Seattle/Portland)	124	13.39	17.94	11.79	16.34	9.63	17.34	10.66	13.14
SIMPLE AVERAGE	---	13.81	18.36	11.79	16.34	9.64	17.35	10.70	13.44

\* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in December 1999 is \$14.73 per 100 pounds or \$1.27 per gallon (\$14.73 divided by 11.63 equals \$1.2666).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

## 1999 MONTHLY AVERAGES

AREA & PRODUCT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVERAGE*
-----													
CHEESE													
CHICAGO MERCANTILE EXCHANGE -- DAILY TRADING													
BARRELS	1.4217	1.2847	1.2964	1.2739	1.2059	1.3572	1.5618	1.7865	1.4996	1.2656	1.1251	1.1475	1.3522
40# BLOCKS	1.4929	1.3189	1.3300	1.3224	1.2389	1.3974	1.6307	1.8943	1.6183	1.3031	1.1435	1.1545	1.4037
MIDWEST COMMODITY CHEDDAR													
CHEDDAR BARRELS	1.5516	1.2643	1.2947	1.2914	1.2075	1.3390	1.5289	1.7915	1.5324	1.2799	1.1431	1.1484	1.3644
CHEDDAR 40# BLOCKS	1.6235	1.3150	1.3400	1.3363	1.2481	1.3806	1.5968	1.8895	1.6726	1.3399	1.1730	1.1568	1.4227
WISCONSIN													
PROCESS AMERICAN 5# LOAF	1.9482	1.7465	1.6670	1.5976	1.5141	1.5760	1.7418	2.0192	1.9590	1.7464	1.5733	1.4980	1.7156
BRICK AND/OR MUENSTER 5#	2.1321	1.8745	1.8091	1.7586	1.6794	1.7371	1.9164	2.2016	2.1862	1.9400	1.7298	1.6360	1.8834
CHEDDAR 40# BLOCKS	2.0244	1.8378	1.8538	1.8538	1.8119	1.8601	1.9563	2.1013	2.0801	1.9163	1.8248	1.8076	1.9107
MONTEREY JACK 10#	2.1666	1.9604	1.9488	1.9488	1.9069	1.9544	2.0475	2.2145	2.2352	2.0425	1.9184	1.8995	2.0203
BLUE 5#	2.4635	2.2022	2.1379	2.0919	2.0294	2.0909	2.2701	2.5553	2.5407	2.2975	2.0873	2.0163	2.2319
MOZZARELLA 5 - 6#	2.1039	1.9231	1.9388	1.9388	1.8963	1.9440	2.0413	2.1831	2.1551	2.0013	1.9098	1.8926	1.9940
GRADE A SWISS CUTS 6 - 9#	2.6059	2.6125	2.6125	2.5602	2.5125	2.5125	2.5125	2.5334	2.5482	2.6040	2.6175	2.5523	2.5653
NORTHEAST													
CHEDDAR 10# PRINTS	1.8859	1.5418	1.5738	1.5738	1.4994	1.6236	1.8292	2.1235	1.9663	1.6199	1.4351	1.4050	1.6731
CHEDDAR SINGLE DAISIES	1.8721	1.5280	1.5600	1.5600	1.4856	1.6099	1.8151	2.1107	1.9515	1.5849	1.4001	1.3700	1.6540
CHEDDAR 40# BLOCKS	1.8568	1.5130	1.5450	1.5450	1.4706	1.5885	1.7826	2.0841	1.9381	1.5886	1.4039	1.3738	1.6408
PROCESS 5# LOAF	1.8257	1.5312	1.5596	1.5588	1.4813	1.6008	1.7855	2.0750	1.8467	1.6066	1.4438	1.4233	1.6449
PROCESS 5# SLICED	1.8741	1.5937	1.6201	1.6188	1.5488	1.6726	1.8555	2.1381	1.9013	1.6629	1.5028	1.4851	1.7062
MUENSTER	1.9686	1.6296	1.6613	1.6613	1.5869	1.7111	1.9164	2.2117	2.0551	1.7086	1.5239	1.4938	1.7607
GRADE A SWISS CUTS 10 - 14#	2.4500	2.4500	2.4500	2.4500	2.4500	2.4500	2.4500	2.4500	2.4500	2.4500	2.4500	2.4500	2.4500
WEST													
PROCESS 5# LOAF	1.8366	1.5449	1.5741	1.5697	1.4863	1.5917	1.7775	2.0607	1.8332	1.5976	1.4390	1.4211	1.6444
CHEDDAR 40# BLOCKS	1.8272	1.4905	1.5225	1.5225	1.4388	1.5373	1.7576	2.0530	1.8963	1.5475	1.3648	1.3359	1.6078
CHEDDAR 10# CUTS	2.0522	1.7168	1.7475	1.7475	1.6638	1.7623	1.9826	2.2752	2.1163	1.7675	1.5848	1.5559	1.8310
MONTEREY JACK 10#	2.0441	1.7068	1.7388	1.7388	1.6550	1.7535	1.9739	2.2634	2.1013	1.7525	1.5698	1.5409	1.8199
GRADE A SWISS CUTS 6 - 9#	2.4721	2.4018	2.3900	2.3786	2.3588	2.3550	2.3550	2.3675	2.4364	2.4450	2.4385	2.3593	2.3965
FLUID PRODUCTS													
CLASS II CREAM													
NORTHEAST - F.O.B.	1.7126	1.5871	1.6187	1.3076	1.4583	2.0181	1.8182	1.9553	1.8287	1.4971	1.4424	1.1975	1.6201
ATLANTA - DEL. EQUIV	1.7581	1.5959	1.6252	1.2979	1.4478	2.0066	1.7988	1.9447	1.8281	1.5027	1.4391	1.1977	1.6202
UPPER MIDWEST - F.O.B.	1.7829	1.6681	1.6486	1.3102	1.4681	2.0112	1.8198	1.9231	1.8447	1.5035	1.4022	1.1894	1.6310
CLASS II CONDENSED SKIM													
NORTHEAST - F.O.B.	1.3650	1.3611	1.3467	1.0636	1.0550	1.0000	0.9333	0.9941	1.2124	1.3900	1.4365	1.1759	1.1945
CLASS III CONDENSED SKIM													
NORTHEAST - F.O.B.									1.4250	1.2740	1.0740	0.9337	TFEWR
EVAPORATED MILK	28.3100	28.3100	27.6761	27.5000	27.5000	27.5000	27.5000	27.9418	28.6633	28.8400	28.8400	28.8400	28.1184

1999 MONTHLY AVERAGES

AREA & PRODUCT	:	JAN	:	FEB	:	MAR	:	APR	:	MAY	:	JUN	:	JUL	:	AUG	:	SEP	:	OCT	:	NOV	:	DEC	:	AVERAGE*	
-----																											
DRY PRODUCTS																											
NONFAT DRY MILK																											
CHICAGO MERCANTILE EXCHANGE -- DAILY TRADING																											
EXTRA GRADE		1.0689		1.0384		1.0290		1.0150		1.0130		1.0100		1.0100		1.0230		1.0300		1.0300		1.0300		1.0300		1.0273	
GRADE A		1.0782		1.0500		1.0500		1.0500		1.0500		1.0500		1.0500		1.0500		1.0481		1.0300		1.0300		1.0300		1.0472	
CENTRAL - LOW/MEDIUM HEAT		1.0893		1.0437		1.0239		1.0228		1.0228		1.0139		1.0172		1.0384		1.0486		1.0451		1.0343		1.0168		1.0347	
-- MOSTLY		1.0821		1.0388		1.0168		1.0125		1.0125		1.0125		1.0125		1.0336		1.0445		1.0425		1.0343		1.0262		1.0307	
WEST - LOW/MEDIUM HEAT		1.0528		1.0257		1.0100		1.0009		1.0000		0.9998		1.0012		1.0124		1.0183		1.0175		1.0109		1.0039		1.0128	
-- MOSTLY		1.0466		1.0163		1.0093		1.0050		0.9938		0.9950		0.9962		1.0116		1.0171		1.0175		1.0116		1.0075		1.0106	
WEST - HIGH HEAT		1.1366		1.0505		1.0393		1.0350		1.0325		1.0300		1.0300		1.0374		1.0430		1.0411		1.0325		1.0325		1.0450	
NORTHEAST - LOW/MEDIUM HEAT		1.1108		1.0676		1.0361		1.0350		1.0250		1.0241		1.0217		1.0386		1.0531		1.0531		1.0368		1.0289		1.0442	
-- MOSTLY		1.1142		1.0553		1.0333		1.0249		1.0200		1.0200		1.0076		1.0368		1.0550		1.0488		1.0305		1.0209		1.0389	
NORTHEAST - HIGH HEAT		1.1566		1.1137		1.0937		1.0850		1.0763		1.0750		1.0750		1.0839		1.0893		1.0950		1.0878		1.0759		1.0923	
-- MOSTLY		1.1561		1.0963		1.0833		1.0766		1.0563		1.0500		1.0500		1.0705		1.0793		1.0850		1.0810		1.0737		1.0798	
SOUTHEAST - EXTRA & GRADE A		1.1393		1.1038		1.0900		1.0843		1.0806		1.0800		1.0806		1.0961		1.0967		1.0938		1.0886		1.0848		1.0932	
DRY BUTTERMILK																											
CENTRAL		0.8252		0.7392		0.7122		0.7100		0.7100		0.7107		0.7273		0.7618		0.7967		0.8135		0.8100		0.8100		0.7606	
WEST		0.8158		0.7163		0.6944		0.6845		0.6691		0.6705		0.6942		0.7269		0.7474		0.7500		0.7500		0.7304		0.7208	
-- MOSTLY		0.8039		0.7192		0.7028		0.6755		0.6538		0.6549		0.6812		0.7236		0.7393		0.7388		0.7245		0.6983		0.7097	
NORTHEAST		0.8824		0.7607		0.7244		0.7077		0.7075		0.7068		0.7236		0.7557		0.7967		0.8225		0.8273		0.8076		0.7686	
SOUTHEAST		0.8747		0.7724		0.7425		0.7402		0.7375		0.7375		0.7465		0.7818		0.8163		0.8325		0.8339		0.8274		0.7869	
WHEY POWDER																											
CENTRAL -		0.2026		0.1875		0.1863		0.1726		0.1638		0.1737		0.1809		0.1972		0.2079		0.1938		0.1834		0.1865		0.1864	
-- MOSTLY		0.2025		0.1850		0.1847		0.1774		0.1728		0.1728		0.1762		0.1943		0.2025		0.1930		0.1801		0.1819		0.1853	
NORTHEAST - EXTRA GRADE		0.2064		0.1850		0.1821		0.1693		0.1631		0.1723		0.1809		0.1995		0.2042		0.1963		0.1819		0.1855		0.1855	
NORTHEAST - USPH GRADE A		0.2240		0.2015		0.2020		0.1942		0.1888		0.2012		0.2240		0.2429		0.2420		0.2243		0.2039		0.1990		0.2123	
SOUTHEAST - EXTRA GRADE		0.2320		0.2175		0.2175		0.2078		0.1900		0.1955		0.2098		0.2253		0.2355		0.2263		0.2094		0.2079		0.2145	
WEST -		0.2216		0.2013		0.1963		0.1882		0.1750		0.1709		0.1780		0.1835		0.1902		0.1994		0.2041		0.2004		0.1924	
-- MOSTLY		0.2201		0.1960		0.1921		0.1810		0.1713		0.1680		0.1723		0.1756		0.1857		0.1989		0.2016		0.1998		0.1885	
ANIMAL FEED																											
CENTRAL - MILK REPLACER		0.1705		0.1600		0.1584		0.1444		0.1475		0.1538		0.1561		0.1673		0.1723		0.1612		0.1521		0.1500		0.1578	
CENTRAL - STANDARD		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR	
CENTRAL - ROLLER GROUND		0.2314		0.2013		0.2013		0.1910		0.1763		0.1750		0.1750		0.1864		0.1948		0.1931		0.1814		0.1788		0.1905	
CENTRAL - DELACTOSE		0.3341		0.3225		0.3225		0.3185		0.2888		0.2875		0.2875		0.2875		0.2875		0.2875		0.2875		0.2875		0.2999	
NORTHEAST - MILK REPLACER		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR		TFEWR	
LACTOSE																											
CENTRAL AND WEST		0.1700		0.1800		0.1780		0.1775		0.1775		0.1946		0.2011		0.2050		0.2040		0.2010		0.2075		0.2075		0.1920	
-- MOSTLY		0.1675		0.1675		0.1672		0.1650		0.1650		0.1731		0.1774		0.1877		0.1900		0.1948		0.1950		0.1950		0.1788	
WHEY PROTEIN CONCENTRATE																											
CENTRAL AND WEST		0.5189		0.4945		0.4873		0.4619		0.4400		0.4336		0.4365		0.4347		0.4392		0.4445		0.4353		0.4355		0.4552	
-- MOSTLY		0.5195		0.4932		0.4873		0.4678		0.4600		0.4597		0.4505		0.4447		0.4450		0.4450		0.4375		0.4350		0.4621	
DRY WHOLE MILK																											
F.O.B. PRODUCING PLANT		1.6466		1.4916		1.2937		1.2418		1.2459		1.3136		1.3481		1.4605		1.5357		1.5236		1.3513		1.1830		1.3863	
CASEIN REVIEW																											
ACID		1.9566		1.9500		1.9500		1.9432		1.8950		1.8950		1.8902		1.8275		1.8400		1.8400		1.8868		1.9359		1.9009	
RENNET		2.0000		1.9750		1.9593		1.9300		1.9050		1.9032		1.8714		1.8125		1.8250		1.8250		1.8388		1.8609		1.8922	

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JANUARY 10 - 14, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 01/08/00	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	11,126,638	244,655	10,881,983	67,538,072	728,875	-0-	-0-
Fortified	925,764	-0-	925,764	4,416,533	-0-	-0-	-0-
<b>TOTAL</b>	12,052,402	244,655	11,807,747	71,954,605	728,875	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 10 - 14, 2000 =	2.6	137.4	COMPARABLE WEEK IN 1999 =	0.1	7.3
CUMULATIVE SINCE OCTOBER 1, 1999 =	15.8	837.6	CUMULATIVE SAME PERIOD LAST YEAR =	0.2	8.5
CUMULATIVE JANUARY 1 - 14, 2000 =	4.6	244.4	COMPARABLE CALENDAR YEAR 1999 =	0.1	7.3

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 10 - 14, 2000 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	1,402,019	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	9,479,964	925,764
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIDWEST	-0-	-0-	-0-	-0-	3,085,342	-0-	4.3	0.0
WEST	-0-	-0-	-0-	-0-	68,781,079	728,875	95.6	100.0
EAST	-0-	-0-	-0-	-0-	88,184	-0-	0.1	0.0
<b>TOTAL</b>	-0-	-0-	-0-	-0-	71,954,605	728,875	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow &amp; Total Cow Slaughter under Federal Inspection, by Regions &amp; U.S., for Week Ending 12/25/99 &amp; Comparable Week 1998 1/ 2/

Regions*											U. S. TOTAL		% DAIRY OF ALL		
		1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
1999-Dairy cows	HD (000)	0.2	1.0	6.5	3.4	17.2	2.3	0.7	0.7	8.4	2.5	42.9	2,569.5	48.6	45.9
1998-Dairy cows	HD (000)	0.2	0.8	4.6	3.1	13.0	1.5	2.0	0.4	7.1	1.3	34.0	2,615.7	42.3	44.7
1999-All cows	HD (000)	0.2	1.0	9.2	10.7	23.3	11.4	12.0	4.0	10.4	6.1	88.2	5,604.0		
1998-All cows	HD (000)	0.2	0.8	6.2	9.7	18.3	10.6	15.3	5.1	8.9	5.2	80.4	5,851.7		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

BASIC FORMULA PRICE (BFP), MAY 1995\* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63